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Bush Backs Off Job Forecast

Economic Advisers Project 2.6 Million More Positions This Year

By Dana Milbank Washington Post Staff Writer Thursday, February 19, 2004; Page A05

President Bush distanced himself yesterday from a forecast made by his economic advisers predicting that the U.S. economy will add 2.6 million jobs this year.

A Feb. 9 report by the White House Council of Economic Advisers predicted that payrolls would grow to an average of 132.7 million in 2004 from 130.1 million in 2003, an exceptionally rapid employment gain for an economy that has shed 2.3 million jobs during Bush's tenure. Facing the prospect that Democrats would make a campaign issue of Bush's failure to meet his own projections, Bush and top administration officials declined to endorse the 2.6 million jobs forecast.

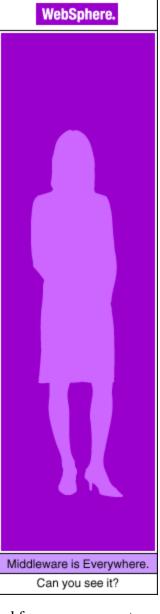
Asked Wednesday if he agreed with the prediction, Bush would not endorse the figure, saying, "I think the economy is growing, and I think it's going to get stronger." Treasury Secretary John W. Snow and Commerce Secretary Donald L. Evans were similarly reluctant to back the forecast, which was made by staff from the CEA, the Treasury Department, and the Office of Management and Budget.

White House press secretary Scott McClellan, repeatedly asked about the forecast, played down its significance. "It's an annual economic report that is put out by the administration based on the economic modeling and the data that's available at that point in time," he said. "What the president stands behind is the policies that he is implementing."

It was the second time that last week's report, sent to Congress with Bush's signature, has caused political problems for the president. Bush last week retreated from an argument made in the report and in comments by CEA Chairman N. Gregory Mankiw that the expatriation of service jobs could be beneficial. While economists generally supported Mankiw's argument, Democrats pounced on the administration for appearing to praise job loss.

In an interview yesterday, Mankiw said the 2.6 million job figure was made Dec. 2 and not subsequently updated. "We still expect 2004 to be a robust year for the economy both in terms of economic growth and in terms of jobs creation," he said. "But in terms of our specific quantitative forecast, the forecasting team has not gotten together to produce one since December 2."

The opposition party delighted in the second flap over the CEA report by Bush in as many weeks. Rep. Rahm Emanuel (D-Ill.), a former aide to Bill Clinton, said Bush "faces a credibility gap with his own economic team." Sen. Charles E. Schumer (N.Y.) said "the White House is totally at sea" on economic policy. Senate Minority Leader Thomas A. Daschle (S.D.) and six other Democrats wrote to Bush asking him to revise the jobs forecast.



The annual CEA report has had difficulty in the past with its forecasts for jobs growth. Previous reports predicted the economy would add 1.7 million to 3 million new jobs in 2003, but in fact the nation lost 53,000 jobs.

Federal Reserve Chairman Alan Greenspan said Tuesday that the 2.6 million jobs forecast was "a credible forecast" if productivity gains decrease this year. But the Fed issued a report Tuesday saying rapid productivity gains are "likely to be sustained" this year.

The creation of 2.6 million jobs would require an average of 226,000 per month for the rest of the year. In the past five months combined, the economy has added 366,000 jobs.

J. Bradford DeLong, a Clinton administration economist now at the University of California at Berkeley, said the Bush administration forecast is even more optimistic than it appears because it is based on year-average numbers. In fact, DeLong said on his Web site, the White House is assuming the economy will create 3.8 million jobs by the end of 2004.

Though McClellan said yesterday that Bush did not endorse the jobs forecast because he's "not a predictor," the president last year used a CEA jobs projection as evidence that his tax cut would add 1.4 million jobs by the end of 2004. "That's the projection of a lot of smart economists who have analyzed the package," he said then.

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